

of France and Germany. This law prescribed that there should be not more than one bank of issue in any commercial city. The general provisions regarding the new banks limited their issues to three times their capital, obliged them to keep a coin reserve of at least one-third of their circulation, and fixed the minimum denomination of the notes at one hundred reals (\$5). The liberality of these provisions was impaired by leaving to the government the nomination of the governor of the Bank of Spain and of royal commissioners to manage the independent banks. The Bank of Spain had created up to 1863 only two branches, at Valencia and at Alicante, and there were independent banks at Cadiz, Barcelona, Seville, Malaga, Corunna, Santander, and Valladolid. The capital of the independent banks was not large, but in this respect it was commensurate with the volume of business in Spain. The Bank of Spain on December 31, 1862, showed a circulation of 208,380,901 reals (\$10,400,000), a coin reserve of 107,398,201 reals, deposits of 235,063,731 reals, and a commercial portfolio of 309,231,378 reals (\$15,500,000).

The charter of the Bank of Spain was extended in 1856 for twenty-five years and was renewed in 1874 for thirty years. The law of March 19, 1874, conferred upon the bank the exclusive privilege of issuing notes and increased the capital from 132,000,000 reals (\$6,600,000) to 100,000,000 pesetas (\$20,000,000).^{*} All the existing provincial banks, then numbering eighteen, were ordered to liquidate their circulation and transfer it to the Bank of Spain. The bank is not a state institution and the state does not participate in its profits, but it had the authority, under the law of 1874, to require advances by the bank to the amount of 125,000,000 pesetas (\$25,000,000) upon the deposit of proper guarantees. The notes of the bank were made legal tender and limited to five times the capital. The capital was increased soon after the Act of 1874 to 150,000,000 pesetas (\$30,000,000),

^{*}The present Spanish coinage system follows that of the Latin Union, the peseta being the equivalent of the franc (\$0.193).